## Fiscal Estimate - 2001 Session

| 🛛 Origi   | nal  | Updated   | ☐ Co   | orrected   | Supple   | mental           |
|---|--|---|--|--|--|------------------|
| LRB Numl  | oer <b>01-3050/</b> 5  |   | Introduc   | ction Number   | AB-321   |                  |
| Subject   |  |   |  |  |  |                  |
| College savin                                       | gs program   | ,   |  | ,  |  |                  |
| Fiscal Effect                                       |  |   |  |  |  |                  |
| Indeterr Appi Dec Appi Crea  Local: No Loc Indeterr | ease Existing repriations rease Existing repriations rease Existing repriations at Government Costs minate crease Costs remissive Mandato recrease Costs | Revenue Decreas Revenue 3. Increase ry Permissi 4. Decrease | e Existing<br>es<br>Revenue<br>ve Mandato<br>e Revenue | absorb with  absorb with  Decrease C  5.Types of Lo  Units Affecte Towns  ry  Countie  School  ry  Districts | cal Governmend Village Southers WTCS Districts | idget No  Cities |
| Fund Source   |  |   |  | Affected Ch. 20  |  | ns               |
| GPR [   | FED 🔲 PRO  | □ PRS 🛛 SE  | G SEGS   | 3 20.585 (2)(t) and  | d (tm)   |                  |
| Agency/Prep   | ared By  | A   | uthorized Sigi   | nature   |  | Date             |
| TREAS/ Marty Olle (608) 264-7886                    |  |   | cott Feldt (608)                                       | 04/23/2001   |  |                  |

## Fiscal Estimate Narratives TREAS 04/24/2001

| LRB Number <b>01-3050/5</b> | Introduction Number | AB-321 | Estimate Type | Original |
|-----------------------------|---------------------|--------|---------------|----------|
| Subject                     |                     |        |               |          |
| College savings program     |                     |        |               |          |

## Assumptions Used in Arriving at Fiscal Estimate

- 1. The bill creates a trust fund and accounting mechanism allowing the EdVest program to "re-launch" in an expanded capacity, offering additional investment options to participants. Most of the marketing costs will be paid by the program's investment manager vendor.
- 2. An estimated 9,000 new college savings accounts will be created in 12 months.
- 3. The annualized investment per account is ~ \$2,600, for a total investment of \$23.4 million.
- 4. State admministrative costs/fees = \$20 per account plus 0.25% of account totals annually = \$238,500.
- 5. \$238,500 would flow through s.20.585 (2)(tm) and would cover portions of 3 FTE costs, board expenses and other program costs.
- 6. \$23.4 million would flow through s.20.585 (2)(t) as future "payouts" are made for college expenses.

## Long-Range Fiscal Implications

NOTE: As new account revenues increase, statutory language will be needed authorizing the use of college savings program trust fund revenues for repayment of the program's debt to the state's general fund. It is legitimate to allocate program start-up costs across all program participants, and it would accelerate repayment of the loan to the state.